



**Old Republic Surety Company
Old Republic Insurance Company
Bituminous Casualty Corporation
International Business & Mercantile REassurance Company**

P.O. Box 1635, Milwaukee, WI 53201
Phone: (414) 797-2640 / Fax: (414) 797-9495

FACSIMILE TRANSMISSION
Regular Mail

March 26, 1996

Rand Carroll, Esq.
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Re: **Claim No.:** 21346
Bond No.: LSC 659001
Principal: Spur Oil, Inc.
Company: Old Republic Insurance Company
Ref: Samantha #1, L-26-28N-01E, API #30-039-23442
Samantha #2, K-26-28N-01E, API #30-039-23444
Samantha #3, N-26-28N-01E, API #30-039-23446
Gonzales 13, #1, I-13-31N-01E, API #30-039-24081
Gonzales 18, #1, M-18-31N-02E, API #30-039-23805
Quinlan Ranch #1, H-23-32N-02E, API #30-039-22135
Quinlan Ranch #2, N-19-31N-03E, API #30-039-24504
Your File: OCD Case No. 11508

Dear Mr. Carroll:

We acknowledge receipt of your letter dated March 15, 1996 wherein you advised us of the Show Cause Hearing scheduled for April 4, 1996. Enclosed please find a copy of a letter dated June 8, 1995 from Diane Richardson, Administrator of the Bond Department within the Oil Conservation Division. She advised us that there are only three oil wells which need to be taken over by another bonded operator or plugged and abandoned. Those three wells are Samantha #1, #2, and #3. Given Ms. Richardson's statement, we do not understand why the application includes the Gonzales and Quinlan oil wells.

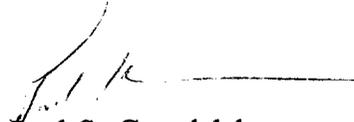
As you know, we were able to resolve the claim against the Diamond Back Petroleum bond by hiring a contractor to plug the wells. We would like to be given a chance to do the same thing with the Samantha wells. We request that the hearing scheduled for April 4, 1996 be continued to some later date to give us the opportunity to get bids from some contractors. We would appreciate an

Rand Carroll, Esq.
Page 2
March 26, 1996

immediate response so we know whether we need to retain counsel to represent us at the hearing. Thank you very much for your time and anticipated cooperation.

Very truly yours,

OLD REPUBLIC SURETY

A handwritten signature in black ink, appearing to read "P. S. Guardalabene", is written over a horizontal line.

Paul S. Guardalabene
Assistant Vice President, Claims
414/797-2675

PSG/beh

Enclosure



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

June 8, 1995

Old Republic Insurance Companies
PO Box 1635
Milwaukee, Wi 53201

Attention: Paul S. Guardalabene

Re: \$50,000 Blanket Plugging Bond
Spur Oil Inc., Principal
Old Republic Insurance Co., Surety
Bond No. LSC 659001

Dear Mr. Guardalabene:

We are in receipt of your request for cancellation of the above-referenced plugging bond. I have checked our records and find there are still three wells outstanding on this bond; being the Samantha No. 1, 2 and 3. If Joe Neal and Associates have purchased these wells, they need to file a plugging bond for each well and a C-104, Change of Operator. We cannot release this bond until another bonded operator takes over these wells or the wells are properly plugged and abandoned.

Sincerely,

A handwritten signature in cursive script, appearing to read "Diane Richardson".

DIANE RICHARDSON
Administrator
Bond Department

JUN 12 1995